

U.S. GOVERNMENT
LEASE FOR REAL PROPERTY

DATE OF LEASE:

LEASE #GS-11B-01482 "neg"

THIS LEASE, made and entered into this date between **1215 Eye Street, NW Associates Limited Partnership**
whose address is:

c/o The John Akridge Company
601 13th Street, NW, Suite 300N
Washington, DC 20005
Attention: Asset Manager/1201 Eye

and whose interest in the property hereinafter described is that of OWNER, hereinafter called the LESSOR, and the UNITED STATES OF AMERICA, hereinafter called the Government.

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises:

A total of approximately 219,750 BOMA rentable square feet (such yielding 192,000 ANSI/BOMA Office Area square feet (herein referred to as "usable square feet" or "USF"), located on full floor C1 (8,781 USF), partial floor 1 (9,134 USF), full floor 2 (14,285 USF), full floors 5-10 (20,048 USF each), and full floors 11-12 (19,756 USF each), plus five (5) reserved parking spaces for official Government vehicles, all in the building located at, and commonly known as, 1201 Eye Street, NW, Washington, DC 20005-5905,

to be used for SUCH PURPOSES AS DETERMINED BY THE GOVERNMENT consistent with applicable zoning requirements and the terms and provisions of this Lease.

2. TO HAVE AND TO HOLD the said premises with their appurtenances for the TEN YEAR FIRM term beginning on (see Paragraphs 6I and 6J below) and continuing through midnight on the day immediately prior to the tenth anniversary of such lease commencement date.

3. The Government shall pay the Lessor annual rent of:

For lease years 1 - 4, the Government shall pay the Lessor annual rent of Eight Million Two Hundred Nine Thousand Nine Hundred Twenty and 00/100 Dollars (\$8,209,920.00) (based on a rate of \$42.76 per USF) payable at the rate of Six Hundred Eighty Four Thousand One Hundred Sixty and 00/100 Dollars (\$684,160.00) per month in arrears. For lease years 5 through 7, the Government shall pay the Lessor annual rent of Eight Million Seven Hundred Eighty Five Thousand Nine Hundred Twenty and 00/100 Dollars (\$8,785,920.00) (based on a rate of \$45.76 per USF) payable at a rate of Seven Hundred Thirty Two Thousand One Hundred Sixty and 00/100 Dollars (\$732,160.00) per month in arrears. For lease years 8 through 10, the Government shall pay the Lessor annual rent of Nine Million Three Hundred Sixty One Thousand Nine Hundred Twenty and 00/100 Dollars (\$9,361,920.00) (based on a rate of \$48.76 per USF) payable at a rate of Seven Hundred Eight Thousand One Hundred Sixty and 33/100 Dollars (\$780,160.00) per month in arrears. In addition to the annual rent, the Government shall pay Operating Expense Adjustments and Tax Adjustments as provided in this SF2 and the attached Solicitation for Offers during the Lease term. If the term of the Lease commences on a day other than the first day of a month, rent for the first and last months shall be prorated. Rent checks shall be made payable to: 1215 Eye Street, NW Associates Limited Partnership, P.O. Box 890213, Charlotte, NC 28289-0213.

4. The Government may terminate this lease at any time on or after _____ by giving at least _____ days notice in writing to the Lessor and no rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing.

5. This lease may be renewed at the option of the Government, for the following terms and at the following rentals:

Such option shall become effective provided notice be given in writing to the Lessor at least _____ days before the end of the original lease term; all other terms and conditions of this lease shall remain the same during any renewal term. Said notice shall be computed commencing with the day after the date of mailing.

LESSOR

TRW

GOV'T

MRS

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6A. The Lessor shall furnish to the Government as part of the rental consideration, the following:

- i. All services, utilities, alterations, repairs and maintenance, as well as any other rights and privileges, stipulated by this Lease and its Attachments to be a component of the rental consideration. With respect to any special equipment installed by or at the direction of the Government, including, but not limited to, dedicated/self-contained HVAC equipment, special storage systems, telecommunications equipment, emergency power systems and above SFO standard lighting, the Lessor shall submit a request for equitable adjustment for the costs to maintain, repair and replace, as well as for the cost for the utilities to operate, such special equipment. Such costs shall be added to the annual rent and operating expense base at such time and in the amount determined to be appropriate in accordance with the procedures set forth in paragraphs 32 and 33 of the General Clauses (GSA Form 3517) attached to and made a part of this Lease.
- ii. A Tenant Improvement Allowance in the amount of \$38.30 per USF. Such Allowance shall be made available within 45 days of lease award, but shall be held by the Lessor until directed by the Government on how the disbursement of funds shall occur. The Government shall have the sole discretion to direct disbursement of the Tenant Improvement Allowance funds in accordance with SFO Paragraph 1.10 "Tenant Improvements, and/or in SFO Paragraph 1.11 "Tenant Improvement Rental Adjustment." This Tenant Improvement Allowance is included in the rent, and has been amortized at a rate of 8% over the ten-year firm Lease Term. If a rental adjustment is selected, consistent with SFO Paragraph 1.11, the rent shall be adjusted downward using the 8% amortization rate on the unused portion of the Tenant Improvement Allowance. A mutually agreed upon Supplemental Lease Agreement (SLA) will be executed upon the Government's acceptance of the space. The SLA shall finalize the rent using the final Tenant Improvement costs as approved by the Government in accordance with the requirements of this Lease. The actual cost of the Tenant Improvements will be determined by the competition and cost proposal process as set forth in SFO Paragraph 3.17 "Delivery Schedule of Tenant Improvements", with the understanding that bidding shall take place at the trade/subcontractor level. Any work items provided by the General Contractor, or for which there is not adequate competition at the trade/subcontractor level, shall be subject to the Government review of cost and pricing data.

6B. Pursuant to SFO Paragraph 1.10 "Tenant Improvements", it is agreed that the general contractor's overhead and general conditions shall be [REDACTED], general contractor's profit shall be [REDACTED], and Lessor's supervision and management fee shall be [REDACTED]. Therefore, the total fees in connection with the build-out of the leased space and for change orders in connection with the buildout of the leased space shall be equal to a total cumulative percentage of the cost of the tenant improvement work of 12.476%. Regulatory fees and permit costs shall be treated as a cost of the tenant improvement work. All of these fees will be paid for along with the cost of the design and construction of the tenant improvements out of the Tenant Improvement Allowance included in the rent, unless such costs exceed the Tenant Improvements Allowance of \$38.30 per USF, in which case the excess will be paid lump sum by the Government.

6C. The Lessor shall be responsible for paying all brokerage commissions due in connection with the consummation of this Lease. A commission in the total amount of [REDACTED] of the gross aggregate value of the rental payments due pursuant to Paragraph 3 above under this Lease (such commission amount being [REDACTED]) shall be paid by the Lessor to Spaulding and Slye LLC ("S&S") who has acted as the Government's broker in connection with this transaction. The foregoing commission amount shall be paid 50% upon full and complete execution of the Lease and 50% upon full acceptance, occupancy and rent commencement under the Lease.

6D. Pursuant to SFO Paragraph 3.3 "Tax Adjustment" and SFO Paragraph 3.4 "Business Improvement Districts", the Government's percentage of occupancy within the subject building for the purpose of calculating future Tax Adjustments as provided by the Lease shall be 81.701%, based on the summary in Attachment 1.

6E. Pursuant to SFO Paragraph 3.6 "Operating Costs Base", the Operating Cost Base for purpose of calculating future Operating Cost Adjustments as provided by the Lease and its Attachments shall be \$1,326,720.00 or \$6.91 per USF.

6F. Pursuant to SFO Paragraph 3.9 "Common Area Factor", the Add-On Factor is determined to be 1.1445 based on the summary in Attachment 1.

6G. Pursuant to SFO Paragraph 3.13 "Adjustment for Vacant Premises", the Adjustment for Vacant Premises as defined by the Lease and its Attachments shall be \$1.50 per USF for at least 1/2 of a leased floor; \$2.00 per USF for at least 1 full leased floor or the entire space leased by the Government on a floor (if less than a full floor); or \$2.50 per USF for the entire leased space. The reduction shall be effective 30 days after notice is provided to the Lessor. The adjustment will end if the contiguous vacant space is reduced below one half (1/2) of one floor.

LESSOR  GOV'T 

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6H. Pursuant to Paragraph 3.1 "Unit Costs for Adjustments" the agreed upon unit costs are the following: (Note: Unit costs exclude architectural/engineering fees that may be necessary to complete work, which fees shall be the responsibility of the Government.)

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|--|-------------|
| 1 The cost per floor mounted, 120-volt duplex electrical outlet. | ██████/each |
| 2 The cost per wall mounted, 120-volt duplex electrical outlet. | ██████/each |
| 3 The cost per floor mounted telephone outlet. | ██████/each |
| 4 The cost per wall mounted telephone outlet. | ██████/each |

6I. The tenant improvements to the leased space shall be constructed by the Lessor in accordance with the design and construction schedule to be prepared in accordance with SFO Paragraph 3.16 "Project Schedule." The start date for the initial task (Blocking and Stacking) shall commence upon the full execution of this Lease and the required substantial completion date shall be no later than September 1, 2002. The Lessor or the Government may accelerate the duration required to complete any item required of it on the schedule, and the entire schedule shall adjust accordingly, with the duration's of the remaining tasks remaining the same. Notwithstanding the September 1, 2002 date, the final agreed upon design and construction schedule that governs the delivery of the space and what is used to determine any delays and/or damages.

6J. Lease and rent commencement shall be subject to the Government's inspection and acceptance of the leased premises and SFO Paragraph 3.17 "Delivery Schedule of Tenant Improvements."

6K. Pursuant to Paragraph 7.3 "Overtime Usage", the rate for overtime HVAC service to the premises governed by this Lease shall be \$30.00 per hour per floor during the first year of the lease term. Such rate shall escalate each year during the lease term by the year-to-year percentage change in the CPI in the same manner as increases in operating expenses in accordance with SFO Paragraph 3.5 "Operating Costs." Notwithstanding the hours of HVAC service, the Government shall have the right to occupy and use the leased premises at any time on any day throughout the lease term. Such use/occupancy may include, but shall not be limited to, full access to the premises and appurtenant areas as well as the use of business machinery within the premises.

6L. The Lessor shall include in the parking operator's agreement the obligation to make available to the Government's employees on a first come first serve basis, the continuous right throughout the Lease term upon 30 days prior written notice to lease up to 156 parking permits on a month-to-month basis in the building's parking garage. Permits shall be available at an initial rate of not to exceed \$310.00 per month. This rate shall escalate annually at a rate of 3.0%. Payment for such parking spaces shall be made by the Government or its employees separately from this Lease. The Lessor agrees to work with the Government to establish reasonable security procedures for the operation of the garage recognizing that such garage is available for the use of other tenants in the building and for public parking at all times. The Government at its cost and expense may establish a program to inspect vehicles with its own personnel upon entry into the building garage and at any time while they are present in the garage, provided that such inspection shall not unreasonably delay entry to the garage. Lessor provided security includes manning the parking garage during the hours of 6:30 a.m. until 7:00 p.m. Monday through Friday with uniformed parking attendants at all times during the posted operating hours and providing monthly passes to be displayed in vehicles upon entry and while in the garage. All monthly and daily parkers arriving to the facility will be permitted to self-park. Once all self-park spaces have been filled, any additional monthly or daily parkers will be required to stack park by the garage attendant. Every vehicle in the facility must at all times display a valid monthly or daily permit identifying the vehicle. All costs to implement or associated with such security program shall be borne by the Government, including costs of installation and operation of equipment, all security personnel costs and any increased maintenance costs resulting from compliance with such security procedures.

6M. The Government shall have the right to establish a building ID and visitor pass program for all persons entering the building and to administer and enforce such program. All Government personnel stationed in the building lobby shall be appropriately uniformed. In addition, the Government shall have the right to install magnetometers and x-ray machines in or adjacent to the building lobby and to require all visitors to be screened through such machines prior to entry. The Government's security personnel will be required to afford the employees and the visitors of non-Governmental tenants and of the landlord, or their agents, access to the privately leased premises and common areas in a manner equivalent to Government employees and Government visitors, or their agents. The security area shall be kept clean and uncluttered, as befitting a Class A office building. Equipment shall be kept in a clean and serviceable manner, with aesthetic screening wherever reasonable. The quality of desks, tables, and other fixtures provided by the Government for the use of the security personnel shall be of a design and quality matching the design of the lobby. All costs to implement or associated with such security program shall be borne by the Government, including costs of installation and operation of equipment, all badging and id costs, all security personnel costs and any increased maintenance costs resulting from compliance with such security procedures.

6N. Lessor agrees to give a copy of its Occupant Emergency Plan to the Government agency assigned to occupy the leased space, and to reasonably cooperate with said agency in adapting the agency's plan to Lessor's Occupant Emergency Plan. If Lessor does not have an Occupant Emergency Plan, it agrees to promptly develop one and to reasonably cooperate with the Government agency assigned to occupy the leased space to make its Occupant Emergency Plan is reasonably compatible to the agency's plan. Lessor agrees to review its plan annually, and adopt changes to same as may be required by the Government, at no cost to the Lessor.

6O. With respect to any default by the Lessor under this Lease which may result in a termination of this Lease or an offset of the rent payable under this Lease in a amount in any month equal to or greater than \$100,000.00, the Government shall provide written notice and a reasonable opportunity to cure to Bank America Real Estate (the Lessor's first trust lender) at 8300 Greensboro Drive, Suite 300, McLean, Virginia 22102, Attention: Richard Schoen, prior to instituting any action to remedy or cure such default. Such reasonable opportunity to cure shall not apply in the event of a default, which results in an immediate danger to life or health. Lessor shall provide written notice to the Government of any change in the identity or address of its first trust lender for the purpose of the foregoing notice.

6P. To the best of the Government's knowledge and belief, neither the Government nor any of its "affiliates" (within the meaning of Part V(c) of Prohibited Transaction Exemption 84-14, 49 Fed. Reg. 9494 (1984), as amended ("PTE 84-14")) has, or during the immediately preceding year has exercised, the authority to: (i) appoint or terminate Lessor or the Prudential Insurance Company of America ("Prudential") as investment manager over assets of any "employee benefit plan" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) invested in, or sponsored by, the Lessor or Prudential or, (ii) negotiated the terms of a management agreement (including renewals or modifications thereof) with Lessor or Prudential on behalf of such plan. The Government is not "related" to Lessor or Prudential (as determined under Part V9h of PTE 84-14). The Government has determined the terms of this Lease at arm's length, as such terms would be negotiated and determined by the Government with any unrelated third party. The Government is not an "employee benefit plan" as defined in Section 3(3) of ERISA, a "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended, or an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101, of any such employee benefit plan or plan.

6Q. In the case of discrepancies between this SF2 and its attachments, this SF2 shall govern.

7. The following are attached and made a part hereof:

- A. Attachment 1 - ANSI/BOMA Office Area Summary and floor plans of the leased premises - 8 Pages
- B. Solicitation for Offers #02-003 Dated 11/20/01 (Revised to include Amendment #1) - 38 Pages
- C. GSA Form 3517B - 26 Pages
- D. GSA Form 3518 - 4 Pages
- E. GSA Form 1217 "Lessor's Annual Cost Statement" - 1 Page
- F. Fire Protection & Life Safety Evaluation - 11 Pages

8. The following changes were made in this lease prior to its execution:

Paragraphs 4 and 5 have been deleted in their entirety.

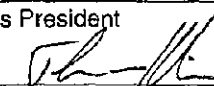
IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSOR: 1215 Eye Street, NW Associates Limited Partnership, a District of Columbia limited partnership, by: 1215 ESGP, LLC, a Delaware limited liability company, its General Partner, by: JACo Eye Street Development Inc., a Delaware Corporation, its Managing Member

BY


Matthew J. Klein, its President

IN PRESENCE OF


Timothy L. Kissler

 TWO
ADDRESS 601 13th Street, NW, Washington, DC 20005

UNITED STATES OF AMERICA, GENERAL SERVICES ADMINISTRATION

BY


MS. MONICA SIAS, CONTRACTING OFFICER

LESSOR

 GOVT 

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